

## SENATE BILL No. 265

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.3-7-4.7.

**Synopsis:** Purchase of 1977 fund service. Permits a member of the public employees' retirement fund (PERF) to purchase at full actuarial cost the member's prior service in the 1977 police officers' and firefighters' pension and disability fund (1977 fund). Requires the board of trustees of the Indiana public retirement system to transfer from the 1977 fund to PERF the member's contributions and the present value of the unreduced benefit payable upon retirement that is attributable to the member. Requires the transferred amounts to be credited against the contributions required to purchase the member's prior 1977 fund service. Permits the member's employer to pay all or a part of the member's contributions required for the purchase of the member's prior 1977 fund service.

**Effective:** July 1, 2015.

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January 7, 2015, read first time and referred to Committee on Pensions & Labor.

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First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## SENATE BILL No. 265

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10.3-7-4.7 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2015]: **Sec. 4.7. (a) As used in this section,**  
4 **"1977 fund" refers to the 1977 police officers' and firefighters'**  
5 **pension and disability fund established by IC 36-8-8-4.**  
6 **(b) A member may purchase service credit for the member's**  
7 **prior service in a position covered by the 1977 fund subject to the**  
8 **following:**  
9 **(1) The member must have at least one (1) year of credited**  
10 **service in the fund.**  
11 **(2) The member must not have attained vested status in and**  
12 **may not be an active member of the 1977 fund.**  
13 **(3) The member must have at least ten (10) years of credited**  
14 **service in the fund before the member may claim the service**  
15 **credit.**  
16 **(4) Before the member retires, the member must make**



contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member makes a contribution for the service credit.

(ii) A percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of 1977 fund service the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(5) The member must receive verification from the fund that the member's service in the 1977 fund is valid.

(c) If a member meets the requirements to purchase service credit under this section and applies to purchase service credit under this section, the board shall transfer from the 1977 fund to the retirement allowance account of the fund:

(1) the member's contributions made under IC 36-8-8(a), if the contributions were not returned to the member under IC 36-8-8(c); plus

(2) the present value of the unreduced benefit payable upon retirement under IC 36-8-8-10 that is attributable to the member.

The amount a member must contribute to the fund under subsection (b)(4) is reduced by the amount transferred to the fund under this subsection.

(d) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under this section plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under



1 this section:

2 (1) The board may allow a member to make periodic  
3 payments of the contributions required for the purchase of  
4 the service credit. The board shall determine the length of the  
5 period during which the payments must be made.

6 (2) The board may deny an application for the purchase of  
7 service credit if the purchase would exceed the limitations  
8 under Section 415 of the Internal Revenue Code.

9 (3) A member may not claim the service credit for purposes  
10 of determining eligibility or computing benefits unless the  
11 member has made all payments required for the purchase of  
12 the service credit.

13 (f) To the extent permitted by the Internal Revenue Code and  
14 applicable regulations, the fund may accept, on behalf of a fund  
15 member who is purchasing service credit under this section, a  
16 rollover of a distribution from any of the following:

17 (1) A qualified plan described in Section 401(a) or 403(a) of  
18 the Internal Revenue Code.

19 (2) An annuity contract or account described in Section 403(b)  
20 of the Internal Revenue Code.

21 (3) An eligible plan that is maintained by a state, a political  
22 subdivision of a state, or an agency or instrumentality of a  
23 state or a political subdivision of a state under Section 457(b)  
24 of the Internal Revenue Code.

25 (4) An individual retirement account or annuity described in  
26 Section 408(a) or 408(b) of the Internal Revenue Code.

27 (g) To the extent permitted by the Internal Revenue Code and  
28 applicable regulations, the fund may accept, on behalf of a member  
29 who is purchasing service credit under this section, a trustee to  
30 trustee transfer from any of the following:

31 (1) An annuity contract or account described in Section 403(b)  
32 of the Internal Revenue Code.

33 (2) An eligible deferred compensation plan under Section  
34 457(b) of the Internal Revenue Code.

35 (h) The member's employer may pay all or a part of the  
36 member's contributions required for the purchase of service credit  
37 under this section. In that event, the actuary shall determine the  
38 amortization, and subsections (d), (e)(1), (e)(3), and (f) do not  
39 apply.

